

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7374**

**BILL NUMBER:** HB 1274

**NOTE PREPARED:** Jan 6, 2011

**BILL AMENDED:**

**SUBJECT:** Nonrecourse Loans and Litigation.

**FIRST AUTHOR:** Rep. Koch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes a procedure by which a company may provide a nonrecourse loan to the plaintiff in an action in exchange for the contingent right to receive a part of the potential proceeds of the action. It provides that a violation of the conditions under which a loan may be offered to a plaintiff constitutes a deceptive act subject to enforcement by the Attorney General.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** Plaintiffs in personal injury cases involving state and local governments might be less willing to settle cases if they receive money up front from other sources. The number of cases that this bill could affect is not known.

**Background:** The table below shows the amounts that the Office of the Attorney General paid in tort claims cases between FY 2006 and 2010.

By State of Indiana						
	Account No.	2006	2007	2008	2009	2010
Tort Payments *	18730	\$4,803,046	\$10,397,714	\$5,604,646	\$4,136,311	\$3,758,429
Tort Settlements & Judgements **	18740	\$1,135,490	\$1,017,907	\$975,939	\$929,170	\$897,006
Totals		\$5,938,536	\$11,415,621	\$6,580,585	\$5,065,481	\$4,655,435
<p>* Tort payments are approved by the Attorney General after a plaintiff files a tort claim notice and staff in the Attorney General examine the claim and approve the payments.</p> <p>** Tort settlements and judgments are paid when the Attorney General denies the claim and the case proceeds to court.</p>						

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill could make early claims less common. (See *Explanation of State Expenditures*.)

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of the Attorney General.

**Local Agencies Affected:** Counties and municipalities.

**Information Sources:** Auditor of State.

**Fiscal Analyst:** Mark Goodpaster, 317-232-9852.